

21 April 2024

India | Equity Research | Q4FY24 results review

HDFC Life Insurance Company

Life Insurance

Strong distribution, product efforts offset by adverse product mix in FY24

HDFC Life (HDFCLI) has successfully worked its way to improve bancassurance as well as agency while focusing on SURU markets (semi-urban and rural) in FY24. This has led to 13% YoY growth in tier 2/3 locations while overall NoP has grown 11% YoY in FY24. However, high base and change in product mix (1,500bps higher ULIPs) have led to VNB declining 5% YoY in FY24. Basis strong product and distribution efforts on a base where higher ticket size segment has already halved to 6-7%, VNB growth should pick up ahead. Maintain **BUY**. Risks: Overall weakness in volume growth and adverse regulations.

Maintain BUY; target price unchanged at INR 739

We factor calculated VNB margin of 27.5%/28% with weighted APE growth of 16%/15% in FY25/26E, respectively. This results in EV of INR 637bn with core RoEV of 16.8% in FY26E. We value the stock based on 2.5x FY26E EV per share to arrive at our TP of INR 739. Downside risks include: 1) Growth headwind as a combination of probable cut in IRRs in non-par segment, lower credit growth and lower traction in greater than INR 500k annual premium segment and 2) margin headwind from continued increase in ULIPs driven by buoyant capital markets and elevated competition in key segments of protection and non-par. Upside risks include: 1) Possible improvement in pricing environment as seen in non-life insurance, 2) growth revival in non-par segment which could be triggered by an event like rate cuts/muted equity markets.

SURU (semi-urban and rural) focus is yielding results

Management highlighted growth from tier-2/3 cities remains strong, witnessing 13-14% YoY growth and contributing ~65% to the overall topline. On NoP basis, tier-2/3 markets contributed ~75% of the business in FY24. Margin profile is similar in these cities and focus will be on selling longer-tenor products, based on mortality and persistency. HDFCLI is being very selective in tier-2/3 cities and is focusing only on top quartile of customers, based on various filters.

Financial Summary

Y/E March (INR bn)	FY23A	FY24A	FY25E	FY26E
Weighted APE	131	130	151	173
Embedded Value	395	475	549	637
VNB	37	36	42	52
VNB margin (%) - reported	27.6	26.3	26.8	27.3
P/EV (x)	3.3	2.7	2.4	2.0
EVOP as % of IEV	19.7	17.5	16.7	16.8
RoE (%)	9.6	11.4	11.2	11.7
RoEV (%)	19.9	20.1	15.7	16.0
Core RoEV (%)	19.7	17.5	16.7	16.8

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Market Data

Market Cap (INR)	1,294bn
Market Cap (USD)	15,511mn
Bloomberg Code	HDFCLIFE IN
Reuters Code	HDFL BO
52-week Range (INR)	711 /511
Free Float (%)	45.0
ADTV-3M (mn) (USD)	35.6

Price Performance (%)	3m	6m	12m
Absolute	(2.3)	(5.9)	14.6
Relative to Sensex	(4.7)	(17.6)	(7.9)

Previous Reports

15-01-2024: [Q3FY24 results review](#)

16-10-2023: [Q2FY24 results review](#)

- **Many channels and platforms are helping in expanding into tier-2/3 cities.** On banca – HDFC Bank is expanding into SURU markets along with most other small finance banks. Agency channel should also be able to expand with the addition of 75 new branches (~90% of new branches in tier-2/3 cities). The company is looking at newer models in these geographies and has dedicated verticals for tier-2/3 cities. The company added ~80k (85%-90% agents are from tier-2/3 cities) new agents during FY24.
- **Tier-2/3 cities have a significant brand advantage for company.** Management expects to witness volume expansion from these geographies in 12 to 18 months, as agency build up happens. Products sold is same with different average ticket size (ATS) (tier-2/3 ATS is 85k compared to company's 99k).
- **Less than INR 0.5mn policies has grown much faster in high teens due to NoP penetration.** Even for higher ticket size, management remains optimistic and expects growth from multiple drivers, including strengthening of counter share at HDFC Bank, branch expansion, new partnerships and continued scale up of proprietary business led by agency and favourable macro-economic factors.
- **Protection growth has been broad based.** Management highlighted that protection growth in tier-1 cities has been 26% YoY, while for tier-2/3 cities, growth has been strong at 22%/32% YoY, with ticket size differential of ~10% between these geographies. Ticket size differential is lower because the company is selecting upper quartile of customers.

Channel performance: Increase in banca mix

- **Overall mix:** In terms of individual APE, banca mix improved from 56% in FY23 to 65% in FY24. Agency/broker/direct mix declined from 20%/11%/13% in FY23 to 18%/6%/11% in FY24, respectively.
- **Bancassurance:** During FY24, banca channels reported growth of 17% YoY, in terms of individual APE, at INR 74.8bn. This can be attributed to HDFC Bank and other partnerships that fructified last year. Management continued to strengthen presence in banca partners with personnel in branches whilst deepening collaboration via various initiatives such as product, bespoke training and on-ground engagement. All banca partners such as Yes Bank, IDFC First, Bandhan and RBL have done well. Counter share at HDFC Bank was ~63% (vs 56% of last year). Individual business contribution from HDFC Bank has been 50-53% in FY24. It is making further in-roads and expects faster than company level growth. Even outside HDFC Bank channel, other banca corporate agent partners have grown in the range of 13-15% supported mostly by tier-2/3 cities. A lot of new partnerships that scaled up over last year contribute ~20-25% of bancassurance business.
- **Agency:** During FY24, agency channel reported a decline of 9% YoY with APE at INR 20.7bn, due to high base of last year. Management is expecting growth in agency with base reset and new partner additions. Agency and broking channels that were dis-proportionately hit on higher ticket size cases, with base reset, should grow fairly in FY25E.
- **Other channels:** Direct/brokers reported decline of 15%/45% YoY in FY24. The company is actively advancing its expansion plan for GIFT City and NRI segment.
- **HDFCLI is currently implementing 'Project Inspire', a comprehensive technological transformation project.** This project aims to enhance customer, distributor and employee experiences while increasing operational efficiency. It focuses on faster product launches, flexible partner onboarding with shorter turnaround times and digital customer acquisition journeys. Management is

expecting a gradual rise in technology expenses over the years accompanied by corresponding benefits.

- **Group remained muted in FY24 with 8% APE decline at INR 17.8bn.** The company maintained its market leadership in credit protect segment and recorded 13% YoY growth, in spite of cautious environment and increased competitive intensity in certain segments.

FY24 underlined by rise in ULIPs

- In Q4FY24, product mix was skewed towards unit linked category (35% of individual APE in FY24 vs 19% in FY23). However, share of non-par improved sequentially from 28% in Q3FY24 to 33% in Q4FY24 (on the back of new product launch), but remained lower on YoY basis (30% of the mix in FY24 vs 45% in FY23). Individual par APE mix declined to 23% in FY24, from 27% in FY23.
- Within protection, retail term had grown 27% YoY with growth in sum assured of 47%, while group protection declined 11% YoY in FY24. Total protection in terms of new business premium was up 13% YoY in FY24.
- Unit linked individual APE increased by 93% YoY in FY24 to INR 41.2 bn, while non-par APE declined by 32% YoY to INR 34.6 bn. Unit linked increased on the back of buoyant equity markets, even in INR 250k and above ticket size segment.
- Annuity and protection contributed ~49% of NBP in FY24 (flat YoY).
- The company introduced 'Click 2 Achieve', a product in non-par savings category, that provides customers options to create unlimited combinations, tailor their cashflow to align with personal goals with the cushion of a guaranteed return. The product has been well received across channels and has helped HDFCLI in increasing the share of non-par in the product mix.

Margins remain muted

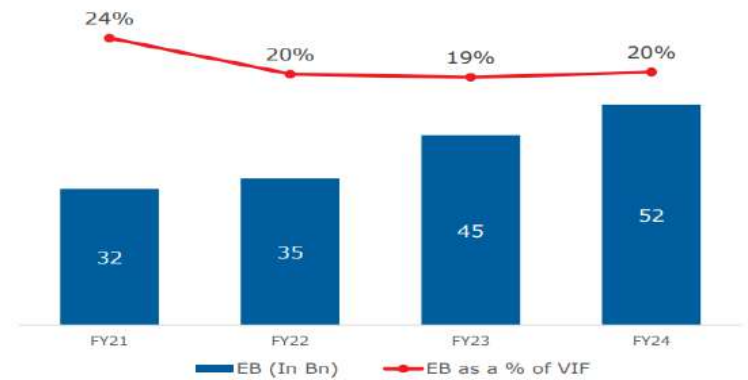
- Drop of ~120bps in VNB margin in FY24 was primarily due to two reasons: a) ~70bps being operating leverage gap caused by one-off volume spike of INR 10bn in FY23 and b) ~40bps due to higher share of unit linked proportion in the mix.
- Higher product level margin profile on account of longer tenure, higher sum assured multiple and rider attachments helped countering the product mix impact.
- Protection margins, 3-4 years back were in three digits, now higher than company averages, However, lower compared to earlier years.
- Management observed aggressive pricing strategies with certain unlisted peers; however, they continue to pursue a balanced approach to growth by enhancing product offerings and maintaining pricing discipline.

Business surplus has a longer span in new business vs past

This is due to a shift in product profile to longer-term savings over the last 3-4 years wherein 75% of profits emerged after 5 years (although total profit is higher). This is evident from the perspective that business surplus, as a percentage of VIF, has decreased from 24% in FY20 to 20% in FY24 (refer Exhibit 2). Despite a longer tail, the positive operating variance track-record underlines the high likelihood of ultimate profit realisation. In non-linked products, the major share of profits emerges after 5 years, while for linked products the major share emerges within 5 years. Within non-linked, traditional savings (longer tenure) have major share of profit emerging after 5 years (70-80%), for protection share of profit is 35-55% after 5 years. For linked, 65-70% of profit emerges within 0-5 years (refer Exhibit 1).

Exhibit 1: Profit emergence over time cohorts


Source: I-Sec research, Company data

Exhibit 2: Business surplus emergence as a % of VIF


Source: I-Sec research, Company data

HDFCLI's market share saw a modest dip in FY24 vs FY23

- HDFCLI's individual WRP market share dipped from 16.5% in FY23 to 15.4% in FY24. Total WRP market share declined from 16% in FY23 to 15.4% in 9MFY24. Overall NBP market share fell from 21.1% in FY23 to 19.3% in FY24.
- HDFCLI saw an increase of 11% YoY in NoP to 1,167k in FY24, from 1,054k in FY23.

Key details

- Persistency for 25/37/49/61 months increased to 79.2%/73.2%/69.7%/53.5% in FY24 compared to 78.7%/72.4%/64%/52.3% in FY23, respectively. 13-month persistency ratio saw a decline of 0.4% in FY24 to 87.1%, from 87.5% in FY23.
- Solvency ratio declined from 203% in Q4FY23 to 187% in Q4FY24.
- AUM increased 22% YoY to INR 2.9trn in FY24, with equity AUM mix increasing from 30% in FY23 to 33% in FY24.
- Renewal premium share of total premium improved 451bps in FY24 to 54% from 49.5% in FY23. On an absolute basis, renewal premium increased 18% YoY to INR 334bn in FY24.
- Embedded value stood at INR 474.7bn in FY24. EVOP for this period was INR 69.2bn while economic variances were INR 13.5bn. Majority of economic variance has come from equity and the balance is due to lower yield compared to last year.
- Sensitivity percentages have risen.
 - Sensitivity of EV to +/-1% change in interest rates increased from (2.4%)/2.1% in FY23 to (2.7%)/2.6% in FY24.
 - Sensitivity of EV to decrease of 10% in equity markets changed from (1.3%) in FY23 to (1.5%) in FY24.
- Ratio of new business strain to back-book surplus stood at 77.4%/87.4%/86.7%/87.2% in FY21/22/23/24, respectively.
- Average customer age (ex-annuity) increased to 36.2 years in FY24 from 35.6 years in FY23. Average policy term (excluding annuity) also rose to 22.9 years in FY24 compared to 22.7 years in FY23.
- FY24 expense ratio, at 19.4%, has improved compared to last year (vs 19.8% in FY23).

Exhibit 3: APE and VNB projections

INR bn	FY23	FY24	FY25E	FY26E
Weighted Standalone APE	131	130	151	173
VNB	36.7	35.0	41.5	48.5
VNB margins- calculated	28.0%	27.0%	27.5%	28.0%

Source: I-Sec research, Company data

Exhibit 4: EV projection

EV change - INR bn	FY23	FY24	FY25E	FY26E
Opening EV	329.6	395.3	474.8	549.1
Assumption changes	-	-	-	-
New business profits	36.7	35.0	41.5	48.5
Expense overrun				
Expected return on inforce	26.2	32.4	38.0	43.9
- Unwind rate (%)	7.9%	8.2%	8.0%	8.0%
Operating variance / Tax changes	1.9	1.9		
EVOP	64.8	69.2	79.4	92.5
Changes in economic assumptions				
Economic variance	(15.8)	13.5		
Dividend Payout	16.7	(3.4)	(5.0)	(4.5)
Closing MCEV	395.3	474.8	549.1	637.1

Source: I-Sec research, Company data

Exhibit 5: Individual APE, protection APE and VNB/VNB margin trend

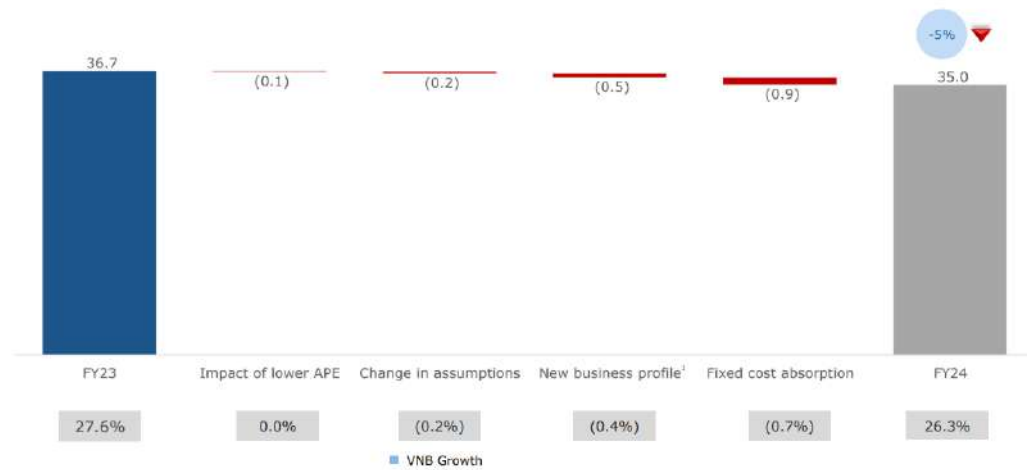
Individual APE (INR bn)	Q4FY23	FY23	Q1FY24	Q2FY24	Q3FY24	9MFY24	Q4FY24	FY24	Q4FY24 YoY (%)	FY24 YoY (%)
UL	7.09	21.66	4.70	7.84	10.73	23.27	17.02	40.3	140%	86%
Par	10.71	30.78	4.89	8.55	6.92	20.36	6.11	26.5	-43%	-14%
Non par savings	24.36	51.30	6.20	6.33	7.82	20.36	14.17	34.5	-42%	-33%
Term	1.60	4.56	1.13	1.56	1.31	4.00	1.76	5.8	9%	26%
Annuity	1.58	5.70	1.69	1.89	1.51	5.09	1.82	6.9	15%	21%
Total	45.3	114.0	18.8	26.0	27.9	72.7	42.4	115.1	-6%	1%

INR bn	Q4FY23	FY23	Q1FY24	Q2FY24	Q3FY24	9MFY24	Q4FY24	FY24	Q4FY24 YoY (%)	FY24 YoY (%)
Total Protection	5.7	17.8	4.3	4.7	4.0	12.9	4.8	17.7	-15%	0%
Individual	1.6	4.6	1.1	1.6	1.3	4.00	1.9	5.87	17%	29%
Group	4.1	13.2	3.1	3.1	2.6	8.9	2.9	11.8	-28%	-11%

Rs bn	Q4FY23	FY23	Q1FY24	Q2FY24	Q3FY24	9MFY24	Q4FY24	FY24	Q4FY24 YoY (%)	FY24 YoY (%)
VNB	15.1	36.7	6.1	8.0	8.6	22.7	12.3	35.0	-18%	-4.7%
VNB Margin	29.3	27.5	26.2	26.3	26.8	26.5	26.1	26.3	-2 bps	1 bps
EV	395	395	418	429	452	452	475	475	20%	20%

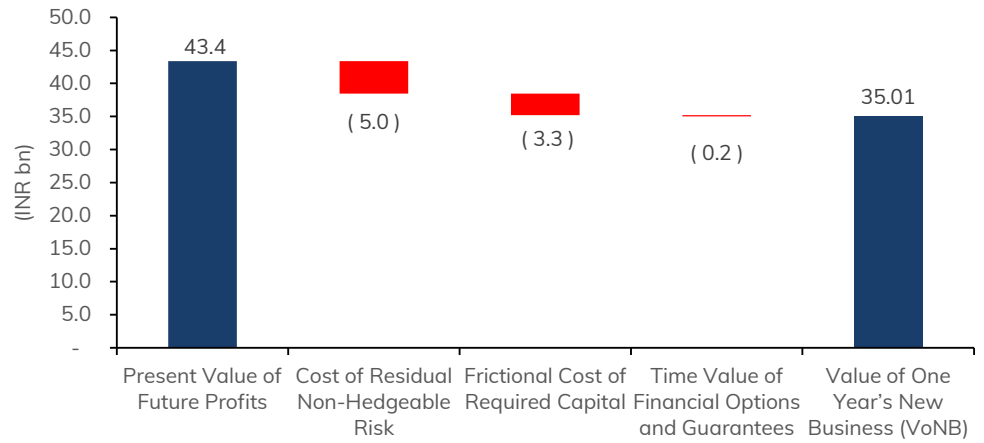
Source: I-Sec research, Company data

Exhibit 6: VNB walk (INR bn)



Source: I-Sec research, Company data

Exhibit 7: Components of VNB for FY24



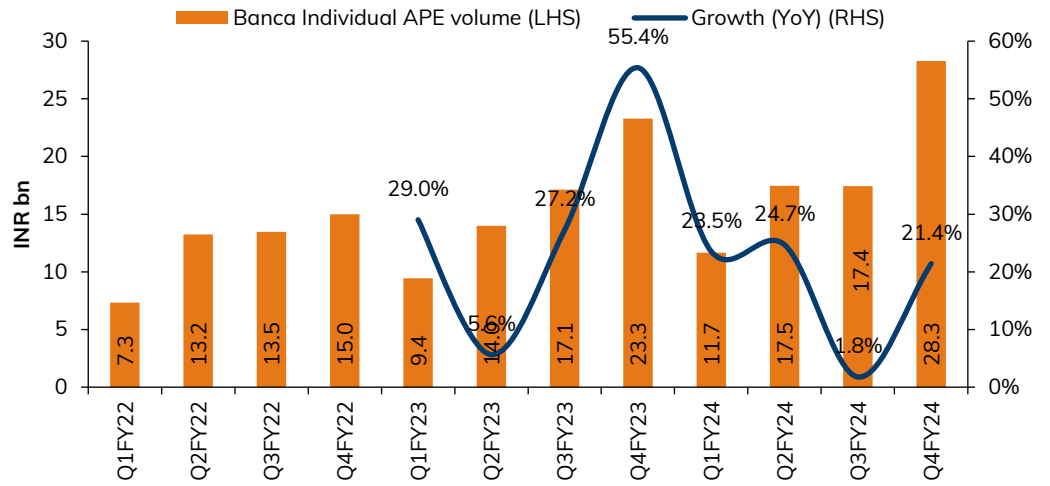
Source: I-Sec research, Company data

Exhibit 8: Q4FY24 snapshot

Policyholder's account (INR mn)	FY23				FY24				Change	
	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Net premium income	98,701	1,31,379	1,44,022	1,94,686	1,15,079	1,47,972	1,52,733	2,05,337	5.5	34.4
First year premium	17,087	24,231	27,249	44,673	18,514	25,656	26,805	40,180	(10.1)	49.9
Renewal premium	51,005	69,066	71,870	92,542	58,041	78,389	83,962	1,14,060	23.3	35.8
Single premium	32,405	39,528	46,632	59,047	40,173	45,358	44,505	44,170	(25.2)	(0.8)
Reinsurance ceded	(1,796)	(1,447)	(1,728)	(1,575)	(1,649)	(1,431)	(2,539)	6,928	(539.8)	(372.9)
Income from investments	(33,011)	97,842	49,298	11,915	1,16,307	81,065	1,13,720	72,539	508.8	(36.2)
Other income	596	652	725	2,678	864	1,008	705	787		
Transfer from S/H A/C	83	149	3,137	5,426	179	132	192	791	(85.4)	311.2
Total income	66,368	2,30,022	1,97,182	2,14,705	2,32,429	2,30,178	2,67,350	2,79,453	30.2	4.5
Commission paid	3,911	6,713	6,763	10,893	6,511	11,815	12,407	21,621	98.5	74.3
Operating expense	15,699	18,539	21,405	29,477	16,424	17,516	17,857	17,686	(40.0)	(1.0)
Total commission & Opex	19,611	25,252	28,168	40,370	22,935	29,331	30,264	39,307	(2.6)	29.9
Benefits paid	72,968	1,17,568	86,918	1,12,261	80,950	93,567	98,947	1,24,585	11.0	25.9
Change in actuarial liability	(29,565)	83,484	79,123	52,860	1,25,652	1,10,328	1,36,861	1,11,596	111.1	(18.5)
Total Expenses	63,014	2,26,303	1,94,209	2,05,491	2,29,537	2,33,226	2,66,073	2,75,487	34.1	3.5
Provisions	234	71	(9)	(6)	(361)	(231)	(370)	27		
Service Tax on linked products	873	920	998	966	907	995	1,039	1,179	22.1	13.5
PBT	2,246	2,728	1,984	8,254	2,346	(3,811)	609	2,760	(66.6)	353.1
Tax	148	244	(1,313)	2,512	218	(6,115)	(24)	(3)		
Surplus/(Deficit)	2,098	2,485	3,297	5,742	2,128	2,304	633	2,763	(51.9)	336.3
Check	-	-	-	-	-	-	-	-		
Shareholders' Account	Q1FY23	Q1FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24		
Transfer from P/H A/C	2,506	2,196	4,158	5,862	2,327	1,366	1,314	3,063	(47.8)	133.1
Investment income	1,272	1,679	2,448	1,971	2,328	2,379	2,822	2,537	28.7	(10.1)
Other income	-	-	78	719	95	209	119	166	-76.9	39.7
Total income	3,778	3,875	6,684	8,552	4,751	3,953	4,254	5,766	(32.6)	35.5
Other expenses	293	432	393	400	457	364	398	470	17.4	18.0
Amounts trf to P/H account	83	149	3,137	5,426	179	132	193	791		
Provisions	(227)	(12)	-	(8)	(65)	135	(31)	6		
PBT	3,630	3,306	3,153	2,734	4,181	3,322	3,694	4,500	64.6	21.8
Tax	16	15	(6)	(886)	14	(460)	19	383		
PAT	3,614	3,291	3,159	3,620	4,167	3,782	3,675	4,116	13.7	12.0
Check	-	-	-	-	-	-	-	-		
Ratios	Q1FY23	H1FY23	9MFY23	FY23	Q1FY24	H1FY24	9MFY24	FY24	YoY (bps)	QoQ (bps)
Commission expense- weighted premium	5.5	6.3	6.4	6.8	8.1	9.7	10.1	11.3	450	
Opex ratio -weighted premium	22.0	20.3	20.4	20.5	20.4	17.9	17.0	15.0	(548)	
Reported APE Data	Q1FY23	H1FY23	9MFY23	FY23	Q1FY24	H1FY24	9MFY24	FY24	YoY (%)	QoQ (%)
Individual APE	15,480	37,880	68,740	1,14,000	18,800	44,780	72,710	1,15,090	1.0	
Group APE	3,560	7,610	13,000	19,000	4,480	8,930	12,930	17,820	-6.2	
New Business APE	19,040	45,490	81,740	1,33,000	23,280	53,710	85,640	1,32,910	-0.1	
Other ratios (%)	Q1FY23	H1FY23	9MFY23	FY23	Q1FY24	H1FY24	9MFY24	FY24	YoY (bps)	QoQ (bps)
Solvency ratio	178.0	210.0	209.0	203.0	200.0	194.0	190.0	187.0	-1600.0	
Op. ROEV	16.5	16.9	17.5	19.7	16.0	16.4	16.5	17.5	-220.0	
ROE	9.5	12.4	11.9	11.9	12.6	12.0	11.5	11.5	-40.0	
VNB margins	27.2	28.3	26.5	27.6	26.2	26.3	26.5	26.3	-128.3	
Persistency ratios (%)	Q1FY23	H1FY23	9MFY23	FY23	Q1FY24	H1FY24	9MFY24	FY24	YoY (bps)	QoQ (bps)
13th Month	93.0	87.1	87.2	87.00	83.30	86.50	86.30	87.10	10.0	
25th Month	86.0	77.4	78.0	79.00	78.00	79.40	79.50	79.20	20.0	
37th Month	80.0	70.3	70.9	72.00	69.80	71.80	72.70	73.20	120.0	
49th Month	72.0	62.9	63.6	64.00	66.30	67.60	68.40	69.70	570.0	
61st Month	58.0	52.2	52.2	52.00	52.70	53.10	53.50	53.50	150.0	
Key Metrics (Rs bn)	Q1FY23	H1FY23	9MFY23	FY23	Q1FY24	H1FY24	9MFY24	FY24	YoY (%)	QoQ (%)
VNB	5.18	12.88	21.63	36.74	6.10	14.11	22.67	35.01	-4.7	
EV	297	330	377	395	418	429	452	475	20.1	
AUM	2,001	2,044	2,338	2,388	2,533	2,649	2,797	2,922	22.4	
equity portion(%)	35	37	32	30	32	32	33	33		

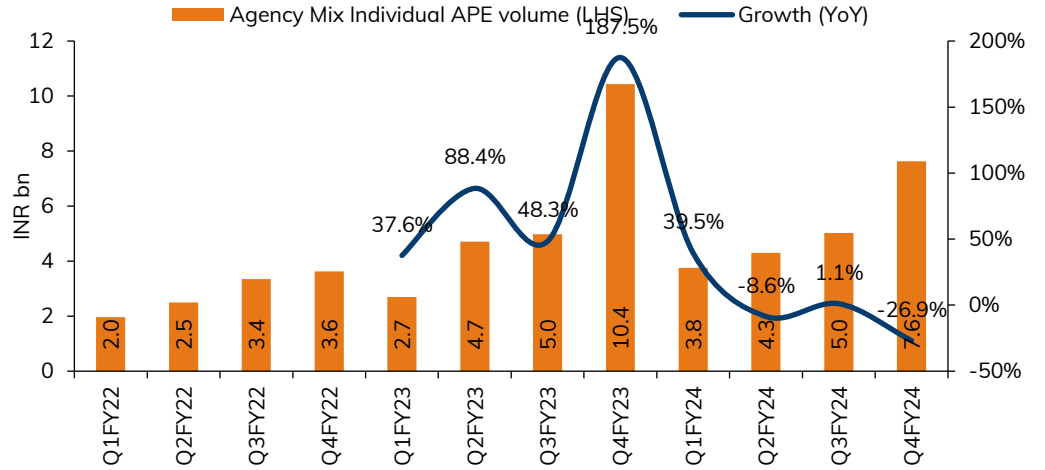
Source: I-Sec research, Company data

Exhibit 9: Individual APE banca trend



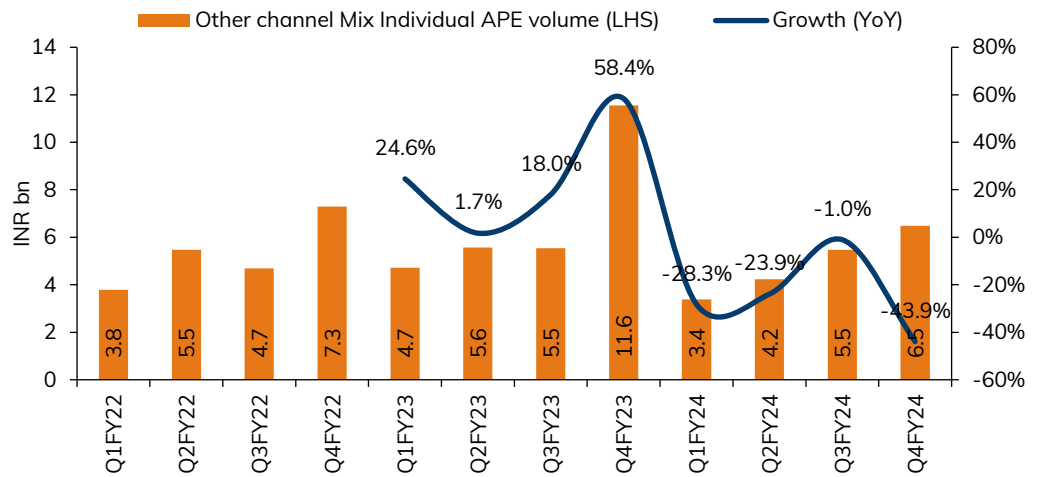
Source: I-Sec research, Company data

Exhibit 10: Individual APE agency trend



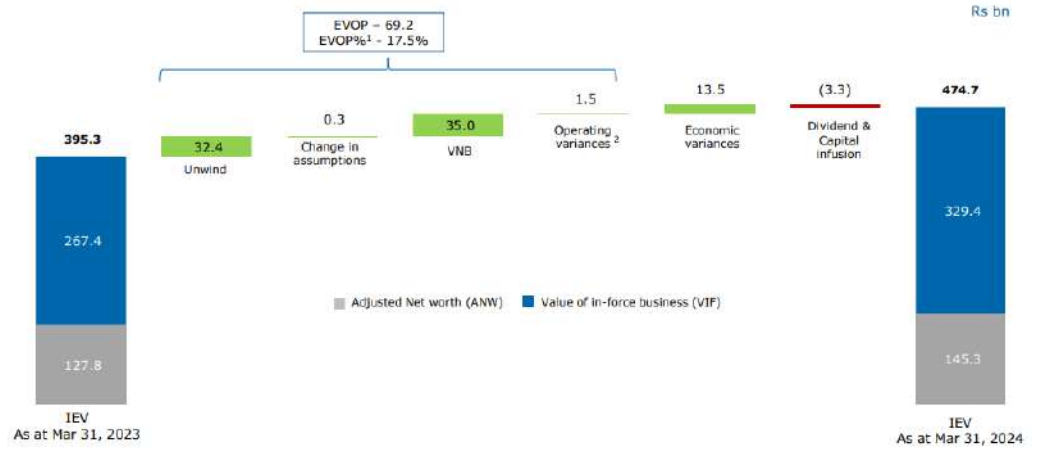
Source: I-Sec research, Company data

Exhibit 11: Individual APE other channels trend



Source: I-Sec research, Company data

Exhibit 12: EV movement in FY24



Source: I-Sec research, Company data

Exhibit 13: Shareholding pattern

%	Sep'23	Dec'23	Mar'24
Promoters	50.4	50.4	50.4
Institutional investors	37.0	37.9	38.0
MFs and other	4.7	4.5	5.8
Banks/ FIs	0.2	0.0	0.0
Insurance Cos.	1.6	1.4	1.5
FIIIs	30.5	32.0	30.7
Others	12.6	11.7	11.6

Source: Bloomberg, I-Sec research

Exhibit 14: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 15: Technical account

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Gross Premiums	5,75,334	6,30,816	7,46,039	8,73,316
Reinsurance Ceded	(6,547)	(9,695)	(5,840)	(5,840)
Net Premiums	5,68,788	6,21,121	7,40,199	8,67,476
Income from Investments	1,26,044	3,83,632	2,65,240	3,14,903
Other Income	13,445	4,659	9,886	10,488
Total income	7,08,277	10,09,411	10,15,325	11,92,867
Commission	(28,906)	(52,621)	(32,894)	(38,596)
Operating expenses	(84,495)	(69,216)	(94,913)	(1,11,065)
Total commission and opex	(1,13,401)	(1,21,837)	(1,27,807)	(1,49,662)
Benefits Paid (Net)+ bonus	(3,89,715)	(3,98,049)	(3,46,242)	(4,07,792)
Chg in reserves	(1,85,902)	(4,84,437)	(5,13,666)	(6,01,392)
Total expenses	(6,89,018)	(10,04,322)	(9,87,715)	(11,58,845)
Prov for doubtful debts	(290)	936	(1,300)	(1,300)
PBT	18,969	6,025	26,310	32,723
Surplus / Deficit before tax	19,259	5,089	27,610	34,023
Tax (incl. Service Tax & GST)	(5,349)	1,805	(11,666)	(13,141)
Prov for Tax	(1,591)	5,924	(7,388)	(8,649)
Surplus / Deficit	13,621	7,829	14,644	19,582

Source Company data, I-Sec research

Exhibit 16: Shareholder's account

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Transfer from technical a/c	14,722	8,069	12,094	16,526
Income From Investments	7,239	10,066	9,183	7,042
Total Income	22,889	18,724	21,866	24,158
Other expenses	(1,518)	(1,688)	(1,941)	(2,233)
Contribution to P/H A/C	(8,795)	(1,295)	(2,747)	(2,915)
Total Expenses	(10,067)	(3,027)	(4,733)	(5,192)
PBT	12,822	15,697	17,133	18,966
Prov for Tax	861	44	(343)	(379)
PAT	13,683	15,741	16,790	18,587

Source Company data, I-Sec research

Exhibit 17: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Share Capital	21,492	21,509	21,509	21,509
Reserves And Surplus	1,08,243	1,20,649	1,30,986	1,43,120
Shareholders' Fund	1,29,932	1,46,663	1,52,446	1,64,579
Policy Liabilities	22,07,043	27,35,898	31,71,787	37,73,178
Prov. for Linked Liab.	7,53,836	9,21,198	10,48,654	11,53,519
Funds For Future App.	50,533	46,386	46,538	49,445
Current liabilities & prov.	-	-	-	-
Borrowings	9,500	9,500	9,500	9,500
Total	23,97,008	29,38,447	33,80,270	39,96,703
Shareholders' investment	1,29,319	1,46,847	98,034	89,748
Policyholders' investment	14,67,093	18,20,526	21,59,665	26,70,254
Assets to cover linked liab.	7,92,015	9,55,469	11,03,846	12,14,231
Loans	15,853	18,972	22,767	27,320
Fixed Assets	3,824	4,203	5,044	6,053
Current assets	(11,096)	(7,571)	(9,085)	(10,902)
Total	23,97,008	29,38,448	33,80,270	39,96,703

Source Company data, I-Sec research

Exhibit 18: Premium details

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
New business premium	2,90,649	2,96,462	3,40,931	3,92,071
Total weighted APE	1,31,001	1,31,079	1,50,741	1,73,352
Renewal premium	2,84,483	3,34,451	4,05,108	4,81,246
Total premium	5,75,334	6,30,816	7,46,039	8,73,316
NBP growth (%)	18.7	1.9	15.0	15.0
APE growth (%)	31.4	-1.0	16.2	15.0
Renewal premium growth (%)	24.8	17.6	21.1	18.8
Total premium growth (%)	21.7	9.6	18.3	17.1

Source Company data, I-Sec research

Exhibit 19: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Ratios (%)				
Investment yield (%)	5.8	14.8	8.7	8.8
Commissions / GWP	5.0	8.3	4.4	4.4
Operating expenses / GWP	14.7	11.0	12.7	12.7
Total expense / GWP	19.7	19.3	17.1	17.1
Total expense ratio	(17.8)	(14.9)	(11.0)	(10.8)
Benefits Paid / Total Liability	17.8	14.9	10.4	10.3
Total AUMs (Rs bn)	2,388.4	2,922.8	3,361.5	3,974.2
Persistency ratios (%)				
13th Month	0.9	0.9	0.9	0.9
25th Month	0.8	0.8	0.8	0.9
37th Month	0.7	0.7	0.7	0.8
49th Month	0.6	0.6	0.6	0.7
61st Month	0.5	0.5	0.5	0.6
Profitability ratios (%)				
VNB margin, basis effective tax rate (%)	27.6	26.3	26.8	27.3
RoE (%)	9.6	11.4	11.2	11.7
EVOP as % of IEV	19.7	17.5	16.7	16.8
RoEV (%)	19.9	20.1	15.7	16.0
Valuation ratios				
Dividend per share (Rs)	1.9	2.0	3.0	3.0
EPS (Rs)	6.4	7.3	7.8	8.6
VNB (Rs bn)	36.7	35.0	41.5	48.5
EV (Rs bn)	395.3	474.8	549.1	637.1
VIF (Rs bn)	333.0	395.7	464.3	540.1
ANW (Rs bn)	62.3	79.1	84.9	97.0
VIF as % of EV	84.2	83.3	84.5	84.8
EV per share (Rs)	184.0	220.9	255.5	296.5
P/EV (x)	3.3	2.7	2.4	2.0
P/EPS (x)	94.5	82.1	77.0	69.6

Source Company data, I-Sec research

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